

**CHARLES T. "CHUCK" MATHENA, II
FOUNDATION, INC.**

AUDITED FINANCIAL STATEMENTS

Year Ended December 31, 2005

CHARLES T. 'CHUCK' MATHENA, II FOUNDATION, INC.

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Year Ended December 31, 2005

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INDEPENDENT AUDITOR'S REPORT

Charles T. "Chuck" Mathena, II Foundation, Inc.

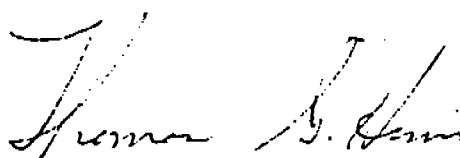
I have audited the accompanying statements of assets, liabilities, and net assets-cash basis of Charles T. "Chuck" Mathena, II Foundation, Inc., as of December 31, 2005, and the related statements of support, revenue, and expenses-cash basis and cash flows-cash basis for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note A, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Charles T. "Chuck" Mathena, II Foundation, Inc., as of December 31, 2005, and its support, revenue, and expenses for the year then ended on the basis of accounting described in Note A.

Thomas G. Himes, CPA
Princeton, WV 24740
September 12, 2006



CHARLES T. "CHUCK" MATHENA, II FOUNDATION, INC.

STATEMENTS OF ASSETS, LIABILITIES, & NET ASSETS - CASH BASIS

December 31, 2005

ASSETS	Unrestricted	Temporarily Restricted	Total
Cash & cash equivalents	\$ 38,322	\$ -	\$ 38,322
Investments (Note B)	-	1,459,574	1,459,574
Construction in progress (Note A)	3,685,703		3,685,703
TOTAL ASSETS	\$ 3,724,025	\$ 1,459,574	\$ 5,183,599
LIABILITIES AND NET ASSETS			
LIABILITIES			
Payroll taxes withheld and payable	\$ 2,476	\$ -	\$ 2,476
TOTAL LIABILITIES	2,476	-	2,476
NET ASSETS			
Unrestricted	3,721,549	-	3,721,549
Temporarily restricted (Note C)	-	1,459,574	1,459,574
TOTAL NET ASSETS	3,721,549	1,459,574	5,181,123
TOTAL LIABILITIES AND NET ASSETS	\$ 3,724,025	\$ 1,459,574	\$ 5,183,599

The notes to financial statements are an integral part of these statements.

CHARLES T. "CHUCK" MATHENA, II FOUNDATION, INC.

STATEMENTS OF SUPPORT, REVENUE,
AND EXPENSES - CASH BASIS

Year Ended December 31, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
CHANGE IN NET ASSETS			
SUPPORT AND REVENUE			
Donations	\$ 65,425	\$ 597,295	\$ 662,720
Interest & trust income	77,500	-	77,500
Grant-WVA	-	500,000	500,000
Donated services	-	12,384	12,384
Non-cash contributions	-	39,030	39,030
Gain on sale of stock	-	3,460	3,460
	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>142,925</u>	<u>1,152,169</u>	<u>1,295,094</u>
EXPENSES			
Personnel	56,875	-	56,875
Payroll taxes	5,243	-	5,243
Bank charges	18,075	-	18,075
Advertising	2,200	-	2,200
Scholarships	-	16,250	16,250
Contributions	100	-	100
Fund raising	8,000	-	8,000
Insurance	8,381	-	8,381
Office supplies	7,317	-	7,317
Professional services	8,710	-	8,710
Travel	2,053	-	2,053
Rent	2,600	-	2,600
Other expenses	4,663	-	4,663
	<u>124,217</u>	<u>16,250</u>	<u>140,467</u>
Total Expenses	<u>124,217</u>	<u>16,250</u>	<u>140,467</u>
Assets released from restrictions			
Restricted purposes satisfied	<u>3,186,551</u>	<u>(3,186,551)</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS	3,205,259	(2,050,632)	1,154,627
Net assets at beginning of year	<u>516,290</u>	<u>3,510,206</u>	<u>4,026,496</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,721,549</u>	<u>\$ 1,459,574</u>	<u>\$ 5,181,123</u>

The notes to financial statements are an integral part of these statements.

CHARLES T. "CHUCK" MATHENA, II FOUNDATION, INC.

STATEMENTS OF CASH FLOWS-CASH BASIS

Year Ended December 31, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Increase (Decrease) in net assets	\$ <u>3,205,259</u>	\$ <u>(2,050,632)</u>	\$ <u>1,154,627</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Donated services	(12,384)	-	(12,384)
Donated stock	-	(39,030)	(39,030)
Increase in payroll tax payable	<u>981</u>	<u>-</u>	<u>981</u>
Total adjustments	<u>(11,403)</u>	<u>(39,030)</u>	<u>(50,433)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,193,856</u>	<u>(2,089,662)</u>	<u>1,104,194</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net sale of investments	-	2,089,662	2,089,662
Increase in construction in progress	<u>(3,282,364)</u>	<u>-</u>	<u>(3,282,364)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(3,282,364)</u>	<u>2,089,662</u>	<u>(1,192,702)</u>
NET DECREASE IN CASH	<u>(88,508)</u>	<u>-</u>	<u>(88,508)</u>
Cash at Beginning of Year	<u>126,830</u>	<u>-</u>	<u>126,830</u>
CASH AT END OF YEAR	<u>\$ <u>38,322</u></u>	<u>\$ <u>-</u></u>	<u>\$ <u>38,322</u></u>

The notes to financial statements are an integral part of these statements.

CHARLES T. 'CHUCK' MATHENA, II FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2005

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - Charles T. "Chuck" Mathena, II Foundation, Inc., a non profit corporation, was organized for the purpose of providing aid to and furthering the educational opportunities of students. This purpose is to be accomplished through the awarding of scholarships, grants, and aid to students, contributing assistance to institutions of higher learning, procuring personal property, and/or the erection of buildings to promote education.

Source of Revenue - The Foundation receives most of its revenue through donations from businesses and individuals. Other sources of revenue are fund raisers and return on investments.

Basis of Accounting - The financial statements of the Foundation are prepared on the modified cash basis of accounting. This method of accounting recognizes revenue when cash is received and expenses when they are paid. Under the modified cash basis of accounting, certain assets (i.e., property) are capitalized rather than expensed when paid.

Property and Equipment - Property and equipment is recorded at cost or estimated value if donated. As of December 31, 2005, the only expenditure for property was \$3,685,703 (Construction in progress) related to the construction of a performing and visual arts center. The Foundation's policy is to capitalize assets costing greater than \$1,000 with a useful life of more than one year.

Cash and Cash Equivalents - The Foundation considers cash in demand accounts and on time deposits as cash and cash equivalents on the statement of cash flows (exclusive of amounts in the trust and agency accounts).

Use of Estimates - The Foundation relies, as do all entities, on management's estimates in the preparation of their financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

Income Taxes - The Foundation has been granted an exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation.

CHARLES T. 'CHUCK' MATHENA, II FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended December 31, 2005

NOTE B - INVESTMENTS

The Foundation has set up a trust at First Community Bank for the purpose of investing funds. As of December 31, 2005, funds were invested as follows:

	<u>Cost</u>	<u>Market Value</u>
Cash and Cash Equivalents		
Master Notes and Money Market Funds		
Total Cash Equivalents	\$ <u>454,182</u>	\$ <u>454,182</u>
	<u>454,182</u>	<u>454,182</u>
Bonds		
Treasury Bills	196,046	19,242
Federal Agencies	69,060	70,788
Corporate Financial	<u>34,600</u>	<u>36,844</u>
Total Bonds	<u>300,306</u>	<u>303,874</u>
Common Stock		
Consumer Discretionary	62,951	61,389
Consumer Staples	50,077	48,246
Energy	29,238	44,889
Financials	145,222	146,149
Health Care	95,422	91,179
Industrials	42,041	79,129
Information Technology	104,433	75,506
Materials	7,137	6,375
Other	<u>24,204</u>	<u>15,824</u>
Total Common Stock	<u>560,725</u>	<u>568,684</u>
Equity Funds	<u>119,450</u>	<u>150,413</u>
Total Trust Account	\$ <u>1,434,663</u>	\$ <u>1,477,153</u>

CHARLES T. 'CHUCK' MATHENA, II FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended December 31, 2005

NOTE B - INVESTMENTS (CONTINUED)

The Foundation has also set up an agency account at First Community Bank to invest building funds until needed in the construction. These funds are invested as follows:

	<u>Cost</u>	<u>Market Value</u>
Cash and Cash Equivalents		
Master Notes and Money Market Funds	\$ 11,874	\$ 11,874
Bonds		
Financials	<u>13,037</u>	<u>12,292</u>
Total Building Fund	\$ <u>24,911</u>	\$ <u>24,166</u>

Since the accompanying financial statements are presented on the cash basis of accounting, cost is reflected in the statements rather than fair market value.

NOTE C - TEMPORARILY RESTRICTED FUNDS

Temporarily restricted funds consist of donations received for the purpose of erecting a multi-million dollar performing and visual arts center to be known as the Chuck Mathena Center and for awarding college scholarships to selected individuals.

NOTE D - INVESTMENTS

The Foundation invests temporarily restricted funds in the trust and agency accounts, which are made up of cash equivalents and various investments. For financial statement purposes, cash equivalents and investments within the trust are reported as investments.

NOTE E - CONTINGENT LIABILITY

The Foundation awards four-year scholarships to selected applicants. The funds are dispersed equally over the four-year period and are contingent upon the applicant's continued enrollment. The amount of scholarships awarded for future years of schooling, but not yet paid, has not been determined or reflected on the attached statements.

CHARLES T. 'CHUCK' MATHENA, II FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended December 31, 2005

NOTE F - PLEDGES

The Foundation has pledges for future donations, however, these future pledges are not reflected on the accompanying financial statements inasmuch as the financial statements are presented on the cash basis of accounting.

NOTE G - CONTRIBUTED SERVICES

During the year ended December 31, 2005, individuals and corporations provided professional services at a reduced rate. The value of the services, \$12,384, are included in the accompanying statements as donated services and as expenses in the relevant category.